Sceptre Investment
Counsel Limited
2000 Annual Report

INVESTING WITHIN

CORPORATE PROFILE

Sceptre Investment Counsel is one of Canada's largest and most respected independent investment management firms, with over Cdn.$13 billion in assets under management. The company's Pension and Institutional Funds group manages investment portfolios for a wide range of clients, including corporations, governments, hospitals, charitable foundations, endowments, universities and unions. As part of its strategic relationship with Putnam Investments, Sceptre is the exclusive Canadian marketing agent for all Putnam Global, International and U.S. investment products for institutional clients. Through its Wealth Management group, Sceptre provides pooled funds and segregated account management for high net-worth individuals and offers a family of seven mutual funds. Sceptre employs approximately 90 people and has offices in Toronto and Vancouver. The company's Class A Non-Voting shares trade on the Toronto Stock Exchange, under the symbol SZ.A.

INVESTING WITHIN

As professional money managers, we recognize that investing in ourselves allows us to better invest for others. As depicted on the cover, the theme of this report is INVESTING WITHIN, reflecting the considerable resources we have brought to our business in the areas of technology, partnerships, and most importantly, our people.

CONTENTS

Highlights

- William Malouin appointed President and Chief Executive Officer; Richard Knowles joins Sceptre as new Chief Operating Officer
- Established strategic alliance with Putnam Investments, one of the world's largest and most respected investment managers
- Improved investment management performance in most major categories
- Reorganized portfolio management into team format and developed an integrated global portfolio
- Enhanced expertise in portfolio management and research
- Introduced new portfolio management and customer relationship management technologies
- Subsequent to year-end, combined *Personal Asset Management* and *Mutual Fund* businesses into integrated *Wealth Management* group, enhancing productivity and improving service and flexibility for clients

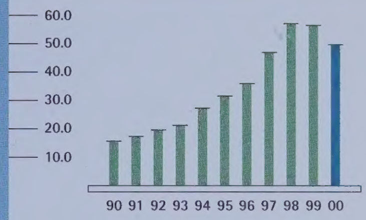
Financial Highlights

For the years ended November 30	**2000**	1999
Revenue	**$ 49,819**	$ 56,634
Expenses	**27,869**	29,227
Earnings before income taxes	**21,950**	27,407
Net earnings for the year	**12,380**	15,183
Fully diluted earnings per share	**0.91**	1.11
Dividends declared	**1.04**	1.04

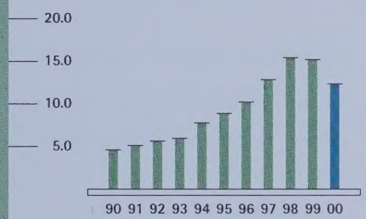
Assets Under Management

($ millions)	**2000**	1999
as at December 31	**13,750**	18,059

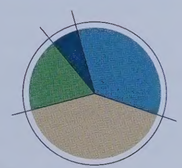
Revenue
For the years ended November 30
($ millions)



Net Earnings
For the years ended November 30
($ millions)



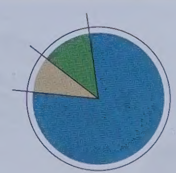
Assets Under Management by Asset Class
As at December 31, 2000 ($ billions)



- $ 4.8 Canadian Equity
- 5.6 Fixed Income
- 2.5 Foreign Equity
- 0.9 Cash

$ 13.8 Total

Assets Under Management by Business Area
As at December 31, 2000 ($ billions)



- $ 10.8 Pension and Institutional Funds
- 1.3 Wealth Management
- 1.7 Alliances

$ 13.8 Total

LETTER FROM THE CHAIRMAN

In my 36 years with Sceptre, our organization has witnessed and weathered many market cycles and trends. In 2000, however, the pace of market change was more dramatic than in any other year in recent memory.

The trends of globalization and consolidation, which had a major impact on many of the world's leading industries over the past several years, truly took hold of the investment management business in an unprecedented way, especially in Canada. The globalization of world markets continued to increase demand for global product offerings, while foreign money managers began to compete more aggressively in the Canadian market, culminating in the acquisitions of a number of domestic firms by larger international ones.

Although it was a relatively good year for our clients' investments, fiscal 2000 was a difficult one from a financial perspective, as we continued to see the impact of asset outflows which began towards the end of 1999, the result of some lost business as well as a stock market that was both unpredictable and in many cases irrational.

However, change also brings about opportunity, and we have been working diligently to reposition Sceptre for success in this new environment. I am pleased to report we have made great strides in reconfiguring the company to accommodate the new realities of investment management.

One of the most important developments at Sceptre is new senior management. William Malouin was promoted to Chief Executive Officer at the beginning of 2000, and a new Chief Operating Officer, Richard Knowles, joined the organization a few months later. Bill and Rick bring to their positions the ideal combination of investment management and operating experience to guide Sceptre through this critical transition period.

The year also was highlighted by the strategic alliance with Putnam Investments and by significant improvements to our investment management processes and our personal asset management business. In addition, we reported greatly improved investment returns for our clients last year, outpacing our benchmarks in most major categories and improving considerably on 1999 performance.

Sceptre has always been driven to achieving superior long-term investment performance for its clients. Our disciplined approach to investing has enabled us to create wealth for many Canadians. However, like other managers sharing a similar investment philosophy, we were truly tested over the past two years, and weathered a period of relative underperformance.

Our investment style was severely penalized in 1999 and the first part of 2000, a volatile period marked by speculative frenzy before shifting back to historical valuation standards. It is in these latter conditions that our investment style has traditionally produced much better results. This shift, combined with the steps we have taken to enhance our investment management processes, enabled us to achieve much better results for our clients beginning in the latter half of the year.

To succeed in this globally competitive environment, it is not enough to simply know the businesses of Canadian companies; we have to be structured to know the businesses of the companies we invest in globally. By aligning with Putnam and changing the way we manage investments – both foreign and domestic – we have a long-term

(left) **J. Douglas Grant**
Chairman of the Board

(right) **William J. Malouin**
President and
Chief Executive Officer

response to globalization and an excellent proposition for the Canadian market: a strong local manager with global reach.

During the last year, two of Sceptre's long-standing partners retired.

Michael Wiggan retired at the end of the year after 18 years at Sceptre. He became President in 1986 and Chief Executive Officer in 1990. Mike announced his intention to step down as CEO at our annual meeting last year and relinquished that title in December 1999. His contributions to Sceptre run as deep as his well-earned reputation for integrity and intelligence. Our deepest thanks go out to Mike and his gracious wife Vivienne for their untiring efforts on behalf of the company over the years.

Lennox McNeely retired in September of 2000 after 22 years at Sceptre. Len made a significant contribution to the success of the firm, particularly due to his talents for managing international equity portfolios on behalf of our clients.

In addition, William Blundell has decided not to stand for re-election as an independent director at the annual meeting because of other responsibilities, which may at some future date conflict with his role as a director of Sceptre. Bill has been a director since 1993 and has made a tremendous contribution to the company. We will miss him and wish Bill and his wife Monique all the very best.

We are delighted to recommend the election of Dr. Peter Barnard as an independent director. Peter founded and led his own management consulting firm and venture capital firm and served as Chairman of Ontario Hydro Technologies from 1994-97. In 1997, he founded Iter Canada and is currently its Chairman and CEO. Iter Canada is a not-for-profit corporation committed to locating Iter, the world's premier fusion energy research and development centre, in Canada. We believe Peter's business background and experience will bring additional strength to our Board of Directors.

Since its inception, Sceptre has grown steadily and evolved from a narrowly focused manager of defined benefit pensions to a much larger and diversified investment management firm.

While some challenges remain, we have demonstrated our dedication to meet them with creative solutions that expand our global reach while maintaining our strong local presence and the independence that has served our clients and shareholders so well in the past. We continue to improve the company at every level and have already begun to emerge from this difficult period a much stronger organization.

J. Douglas Grant
Chairman of the Board

February 28, 2001

Fiscal 2000 was a year of significant progress for Sceptre, during which we made a number of strategic changes that have already begun to improve performance and position us for growth going forward.

LETTER FROM THE CEO

Fiscal 2000 was a challenging year for Sceptre as we continued to lose business based on our investment underperformance in the prior two years. Investment performance was significantly better in 2000. This was due to changes we have made in our investment process and because the speculative element of the equity markets, particularly the overvaluation of certain technology stocks, was significantly reduced. Our improved performance has continued into 2001 and we are confident we are back on track. Unfortunately, however, there is a perception lag in this business and even though our performance turned, we still lost assets last year. We expect our business to stabilize this year.

Fiscal 2000 also was a year of significant progress for Sceptre, during which we made a number of strategic changes that have already begun to improve performance and position us for growth going forward.

Enhanced Investment Management Capabilities

The way money is managed continues to evolve, so we are continually reshaping our investment processes. We can attribute the improved investment performance last year in part to the more disciplined processes we have put in place. Last year, we continued to organize our research team on a global sectoral basis, increased our research staff, improved the risk management of our portfolios, and introduced an integrated global portfolio management team and system. The sum of these changes is a tighter, more disciplined investment process and a structure which should enable us to achieve consistently above-average results for our clients.

Putnam Strategic Alliance

Although we have made substantial improvements to our research capabilities over the past two years, it had become abundantly clear to us that we needed more resources on the foreign equity side to address our clients' global investment needs. Recent changes in the domestic environment – including an increase in the foreign content limit to 30 per cent – made this an even greater imperative.

In September, we formed a strategic alliance with Putnam Investments, which addressed our need for global reach. Putnam is one of the largest and most respected investment management companies in the United States, with assets under management in excess of $500 billion.

Under the terms of the agreement, Sceptre became the exclusive Canadian marketing agent for all Putnam Global, International and U.S. investment products for new institutional clients. These products are being marketed under a new Sceptre/Putnam banner. In addition, we appointed Putnam as sub-advisor for our foreign equity pooled funds.

A critical element of this alliance from our perspective was the opportunity to exchange intellectual capital – basically, to share best practices and processes for investment management and client service, areas where Putnam is a recognized industry leader. This has proven so far to be a significant asset for our company.

This alliance was particularly well timed given the market environment, and the response from existing clients and new business prospects has been overwhelmingly positive. Since we joined forces, we have secured 20 foreign specialty mandates and solidified the confidence of many of our clients who were rethinking their foreign management.

Wealth Management

Last year, we also focused on expanding our private-client business. Following a comprehensive business review, we reorganized this group and made significant infrastructure improvements which position us to expand in this market over the next several years.

Fundamentally, we are approaching our relationship with private clients from a broader perspective. We now want to be in a position to be the primary financial advisor to a client, providing a full range of wealth management solutions. To get us to this point, we are investing heavily in new technologies and introducing new products, two of our major initiatives last year.

Another outcome of our business review was the recent consolidation of our Personal Asset Management and Mutual Fund businesses into a new Wealth Management group. The result has been increased service and flexibility for our clients and overall productivity improvements, as we have been able to leverage systems and capabilities. Most important, we have a platform upon which we can grow substantially. The private-client area is a fast-growing segment of the market, and we are now better positioned to take advantage of these opportunities.

Financial Review and Outlook

The impact of client losses experienced during 1999 and 2000 affected the financial results of all our businesses. Total revenue for the year was $49.8 million, compared with $56.6 million in 1999.

Net earnings for fiscal 2000 were $12.4 million or $0.91 per share fully diluted, compared with $15.2 million or $1.11 per share fully diluted for the 1999 comparable period. For 2000, we made the decision to maintain our full dividend payment of $1.04 per share.

As expected, assets under management ended the year lower, at $13.8 billion, compared with $18.1 billion at the end of 1999.

Improved performance numbers and the strategic alliance with Putnam have helped to stabilize overall asset flows, and we expect assets under management to remain basically unchanged for the year. Revenues and earnings, however, will continue to be affected by business the company lost in 2000.

In 2001, we will begin to account for the sub-advisory fees paid to Putnam for the ongoing management of our foreign pooled funds. The difference in cash flows will affect our financial results next year, as we will begin paying management fees immediately but will not see an immediate impact on our earnings from any new business under the Sceptre/Putnam banner. With this in mind – and considering other business investment opportunities – we are reviewing our financial requirements and will take steps to maintain our strong financial position.

Foremost, our goal this year is to continue to deliver strong investment performance for our clients. With the changes we are making to our investment management processes, and with the shift in the market this past year, we are confident we can achieve this goal.

William J. Malouin
President and Chief Executive Officer

February 28, 2001

Last year, we continued to organize our research team on a global sectoral basis, increased our research staff, improved the risk management of our portfolios, and introduced an integrated global portfolio management team and system.

NEW RELATIONSHIPS

We established a strategic alliance with Putnam Investments, one of the largest investment management companies in the United States, known for its breadth and depth of product offering and investment discipline.

NEW TECHNOLOGIES AND PRODUCTS

We invested heavily in new technologies to enhance our client service and portfolio management capabilities, and we introduced several new products for Sceptre clients.

NEW INVESTMENT PROCESSES

We continued to reorganize the way we manage investments and implemented more disciplined processes for investment management and research.

Investing in Our Future

New Relationships

Against a backdrop of globalization and growing investor demand for global products, we entered into an important strategic relationship in September with Putnam Investments, one of the largest investment managers in the U.S. with a vast wealth of global investment resources. This alliance provides us with a Canadian-based solution to address our clients' global investment needs.

Sceptre is now the exclusive Canadian marketing agent for all Putnam Global, International and U.S. investment products for new institutional clients. We are jointly marketing five products aimed at the institutional market, co-branded under the newly created Sceptre/Putnam banner: U.S. Equity, International Equity, Global Core Equity, MidCap U.S. Equity and Emerging Markets Equity.

Putnam has been offering products to Canadian institutional clients since 1968 and has built a strong performance record while growing its asset base to $4.0 billion.

Previously, Putnam's marketing and client service for these products had been available only out of the U.S. Going forward, Sceptre will manage the marketing and client service for these new co-branded products. Our teams are working closely with Putnam on product training to ensure the same high level of service that has been a hallmark of Sceptre and Putnam for many years.

There are numerous benefits to this strategic relationship for Sceptre clients and shareholders. Most important, it enhances our already strong investment management capabilities and broadens our existing product offering significantly. As well, partnering with Putnam to capitalize on the growing market for foreign specialty assignments diversifies our revenue base.

Another benefit that has paid immediate dividends is the opportunity for our employees to enhance their global insight and incorporate Putnam's best practices in everything from risk management to client service. All our portfolio managers and analysts have had the opportunity to meet with colleagues at Putnam or to share ideas and discuss issues during regular conference calls. As our relationship with Putnam evolves, the exchange of intellectual capital will continue to provide significant benefits to our organization at all levels.

As a further indication of the importance of this new relationship to both

"We are extremely pleased to team up with a high-quality firm like Sceptre. This agreement, combined with the increased limits for foreign investment by Canadian pension plans, provides us with the platform to rapidly expand our business in the Canadian market."

John M. Brown
Managing Director and Chief of Institutional Management
Putnam Investments

Sceptre/Putnam Alliance Highlights

- Sceptre appointed exclusive Canadian marketing agent for all Putnam Global, International and U.S. investment products for new institutional clients
- Putnam appointed sub-advisor for Sceptre foreign pooled funds and Global Equity mutual fund
- Putnam acquires 5% minority position in Sceptre, with an option to increase ownership by an additional 5%
- Steven Spiegel, Senior Managing Director of Putnam, named to Sceptre Board
- Currently co-marketing five global products under new Sceptre/Putnam banner
- Sceptre managing marketing and client service for new co-branded products
- Secured more than 20 new mandates to date

"By reorganizing our retail client businesses and making significant infrastructure improvements, we have established a platform that will enable us to grow our private-client business substantially going forward.

Our arrangement with a major financial institution, which allows us to offer our clients alternative investment products in an efficient fashion, is one of the key enhancements that have enabled us to move beyond our traditional model and become a client's complete financial counselor."

Richard Knowles
Chief Operating Officer

companies, we were pleased to welcome Steven Spiegel, Senior Managing Director of Putnam Investments, to the Board of Directors of Sceptre Investment Counsel.

Our partnership also included a 5% equity investment by Putnam in Sceptre and a sub-advisory agreement for our foreign equity pooled funds, and Global Equity mutual fund. As of October 1, the funds are being managed by the Global Core investment team at Putnam. This change has been very well received by our clients.

The reception has been equally as enthusiastic on the new business side. Since we formed this alliance, we have secured more than 20 mandates. Going forward, we will continue to pursue new mandates aggressively and explore other areas of co-operation with Putnam, including the launch of new co-branded foreign products.

New Technologies and Products

In 2000, we began to put in place the product and technology platform that will allow us to move beyond our traditional model in retail investment management, particularly in the private-client area. Armed with a broader selection of products and tools, our aim is to become a client's complete financial counselor. It is a departure from the approach we have taken in the past, which centered on a single investment solution based on Sceptre portfolios.

A key first step was equipping our investment counselors with state-of-the-industry technology that enhances their ability to manage portfolios and service clients. Last year, we installed a new set of software applications for portfolio management and client relationship management. These systems allow us to implement value-added services for our clients, including the ability to aggregate multiple accounts for one-stop portfolio reporting.

A broader product selection, including more alternatives to Sceptre-managed assets, also was identified as a priority in our private-client strategy. This was one of the goals of the consolidation of our mutual fund and personal asset management units into an integrated wealth management group. Shortly before year-end, we combined the client service departments and this year we will consolidate all the back office operations. The main benefits will be significant operational efficiencies and a more robust service structure for our private clients.

We recently made it easier and more efficient for our discretionary private clients to access Sceptre mutual funds, by introducing a new share class – called an O-Class – which strips out the management fees. Using the O-Class shares, clients will pay management fees on a total portfolio basis rather than separate fees for each fund.

In addition to making it easier for clients to access Sceptre products, we recently introduced a flexible investment account which provides us with the platform to access alternative investment products for our clients. In building a customized portfolio for a client, we can access different products – like index funds, new issues and GICs – in a trading account on the platform of a major Canadian financial institution.

A second benefit of this arrangement is that our clients can now open a retail account for assets they want to manage separately, and grant us view-only access to the account. Using this tool our invest-

ment counselors can assess how a client's overall portfolio is performing and make better informed decisions in areas such as risk management and asset allocation. And with our new portfolio management software, we are able to incorporate this data into our client reports and financial plans.

This year, we plan to expand our financial planning capabilities further to include estate and tax planning, insurance and off-shore investments.

New Investment Processes

At Sceptre, we continue to re-engineer our research and portfolio construction processes. Though we deal purely with information, what we do is not dissimilar to any manufacturing process. And like any manufacturer, we believe the process can be studied and improved to get better results. Our process consists of bringing together information from various sources, such as meetings with companies, suppliers, customers, research analysts and economic services. We then process this information through extensive discussions with our seasoned portfolio management teams, and finally construct portfolios that meet the risk/reward requirements of our various clients.

Changes we have been making to this process include:

- Outsourcing components of the process to Putnam, whom we believe have a competitive advantage in foreign equity investments. Also, we are increasing the flow of information from Putnam to support our Canadian equity, bond and asset mix teams.
- Tightening up the flow of research from third parties by screening for quality and concentrating on the most value-added services.
- Ranking all the stocks in our research universe so that information transmitted to the portfolio managers is as clear as possible. This process allows us to further optimize our investment portfolios.
- Incorporating a long-term valuation model into our analysis to help better analyze growth stocks.
- Organizing our research on a global sectoral basis rather than a country basis. For example, our financial services analyst follows companies not only in Canada, but also in the U.S., Japan, Europe and other regions.
- Moving portfolio construction to a team basis to encourage the widest possible discussion of investment ideas.
- Utilizing a more rigorous measurement of risk for all of our portfolios. Barra, Inc. has been retained to provide tracking error measurements for all our portfolios.

All these changes are focused on enhancing our investment management capabilities and will – in our opinion – help to achieve more consistent returns with less risk.

Overall, it was a very productive year for Sceptre, highlighted by valuable new relationships, new technologies and products, and new processes for investment management and research. As a result of these initiatives, we entered fiscal 2001 a much stronger organization on all levels.

Enhancing our Investment Management Capabilities

- Research reorganized along global sectoral lines
- Developed integrated global portfolio management team and system
- Implemented new risk management techniques
- Developed a portfolio support group
- Incorporating Putnam "best practices"
- New technologies for portfolio management
- Increased research staff

Sceptre manages over $13 billion for Canadian institutions and individual investors through three business units: Pension and Institutional Funds, Wealth Management, and Alliances.

Pension and Institutional Funds

Sceptre manages, on a fully discretionary basis, segregated portfolios for pension and other savings plans of corporations, municipalities, universities, labour unions, charitable foundations and organizations, and reserve funds of insurance companies.

In 1983, Sceptre established pooled investment funds. Its largest pooled fund, the Balanced Fund, efficiently and economically provides smaller pension funds with the same management that Sceptre applies to larger segregated funds. The Foreign Equity Fund simplifies the management of the foreign content of both segregated and pooled clients' portfolios. The Endowment, Foundation and Trusts Fund is a balanced fund which provides capital preservation with a secondary goal of income and appreciation. Sceptre offers an additional eight Sceptre-managed specialty funds to pension and non-taxable accounts, as well as five global products marketed under the Sceptre/Putnam banner.

Wealth Management

Subsequent to year-end, Sceptre integrated its Personal Asset Management and Mutual Fund units into an integrated Wealth Management group:

Personal Asset Management

In 1987, Sceptre formed a Personal Asset Management group to bring its experience and investment expertise to individual investors. Today, Sceptre manages approximately $800 million for private clients. Sceptre offers its services through segregated account management (available to individuals with amounts of $4 million or more) and the Sceptre Personal Investment Funds (SPIFs), which carry a minimum investment of $250,000. The company also offers a range of professionally tailored investment solutions, including estate and tax planning and insurance.

Mutual Funds

Individuals also may choose to invest in the seven Sceptre Mutual Funds, where a minimum investment of $5,000 is required. The company's mutual funds are sold directly and through financial intermediaries such as financial planners and brokers. At the end of 2000 there were approximately 30,000 unitholders with assets totaling close to $400 million. Recently, Sceptre launched a new share class within its mutual funds, which makes it easier and more efficient for discretionary private clients to include Sceptre mutual funds in their portfolios.

Alliances

Sceptre has formed strategic partnerships or alliances with leading companies in a number of major areas of retail distribution, including life insurance. Our alliance partners vary from servicing the defined contribution pension business, being mutual fund sponsors, to providing segregated insurance funds. Each alliance brings diversification of distribution and therefore provides Sceptre exposure to a much wider audience of potential clients. Fund mandates encompass equity, fixed income and balanced funds. At the end of 2000, we had five alliances, with 14 funds being managed by Sceptre and assets of $1.7 billion.

SCEPTRE PORTFOLIOS

Fund	Segregated	Pooled	Mutual	SPIF
Balanced	*	*	*	*
Registered Balanced				*
Canadian Equity	*	*	*	*
Combined Equity	*	*		
Small-Cap Equity	*	*	*	
Foreign Equity	*	*	*	
International Equity	*	*		*
U.S. Equity	*	*	*	*
Bond	*	*	*	*
Global Bond	*	*		
Money Market		*	*	*
Endowment, Foundation & Trust	*	*		
U.S. Equity		*		
International Equity		*		
MidCap U.S. Equity		*		
Global Core Equity		*		
Emerging Markets Equity		*		

Funds are managed by Putnam Investments and marketed in Canada under the Sceptre/Putnam banner

SCEPTRE'S CORPORATE PHILOSOPHY

The objective of good corporate governance is to enhance value for all stakeholders over the long term. At Sceptre, we believe that in order to achieve this goal, we must place our clients first. We are in business to produce superior investment results for our clients – without them, we have no business. We also depend on our employees to deliver those results. And if we do well by each of these key stakeholder groups, then the shareholders benefit in the long run. Our approach to the issues of governance flow out of the characteristics of our business and our company. Sceptre's business is very focused: we manage money for clients. Our success depends on the judgment of our investment professionals. We believe that the atmosphere within which they work directly affects their judgment. To attract and retain exceptional talent, we must provide a professional environment – one that is creative, supportive, fair, and recognizes achievement. We believe that our investment professionals need to be very much a part of the governance of the company. They have to feel a sense of ownership and take responsibility for corporate direction.

SHARE OWNERSHIP AT SCEPTRE

In our opinion, the best guarantee of good corporate governance in the interest of all stakeholders is that the people driving the company – its management – should have what is to them a substantial and meaningful stake in it. Sceptre has developed a remuneration package towards this end. There are two key elements of this package: 1) A Share Purchase Incentive Plan, under which a substantial proportion of senior officers' total compensation is set aside and, after tax, is used to buy Class A Non-Voting shares. All payments received, including dividends, must be used to buy shares. Employees cannot sell these shares while they are receiving benefits under this plan. 2) A Stock Option Plan, under which the employee must retain all shares which can be held free after payment of the exercise price and any taxes payable on the benefit.

BOARD COMPOSITION

Sceptre's Board of Directors is currently composed of five independent directors (four of whom are unrelated) and seven managing directors. We will have more than seven employees of Sceptre designated as managing directors, but a maximum of seven will be on the official Board, on a rotating basis. Steven Spiegel of Putnam Investments joined our Board as an independent but related director during 2000, as part of the strategic alliance we formed with Putnam. We welcome Steven's guidance and insight, gained from his many years of experience in investment management.

HIGHLIGHTS OF SCEPTRE'S CORPORATE GOVERNANCE PROGRAM

The Board of Directors has responsibility for the stewardship of the company, including the following matters: adoption of a strategic planning process; identification of principal risks, and implementation of risk management systems; succession planning and monitoring of senior management; development of a communications policy; and integrity of internal control and management information systems. The nominating process for the Board of Directors is an informal procedure co-ordinated by the Chairman. The Nominating Committee consists of all members of the Board. Given the composition of the Board, it is not practical to have a Nominating Committee composed entirely of independent directors. In the case of managing directors, management personnel become eligible through demonstrated business performance. The Chairman facilitates the process of identifying independent director nominees. Independent directors participate fully in all discussions related to the nomination of directors.

Board effectiveness is the responsibility of the Chairman and the Nominating Committee. Sceptre conducts an informal orientation/education program for new independent directors. All independent Board members have full and ready access to the managing directors at all times and may engage an outside advisor at the expense of the company in appropriate circumstances and subject to the approval of a committee of the Board.

The Governance Committee consists exclusively of independent directors. The Governance Committee has concluded that the size and composition of Sceptre's Board is adequate and meets the interests of shareholders. This committee has also determined that the compensation of independent directors is fair. Only unrelated independent directors receive fees for their services.

The Audit Committee has a mandate to review, among other things, financial statements. The Audit Committee has a specifically defined role and meets routinely with external auditors without management present.

We believe that it is important for the profile of the company to have a Chairman with extensive experience in investment management. For 2001, J. Douglas Grant will continue as a non-independent Chairman of the company. He has been an employee of Sceptre for 36 years and has chaired Sceptre since it became public in 1986.

OVERVIEW

Sceptre's basic business is investment management. The Company has expertise in all major asset classes, with a proven specialty in asset mix. Our investment services and products include a range of domestic and global/international equity, balanced, fixed income and specialty investments that meet the needs of a wide variety of institutional and private clients.

The majority of our operating revenues and net income are derived from portfolio management. Our source of revenue is fees based solely on a percentage of assets under management (AUM). Different fee scales reflect the amount and nature of the service level demanded by the particular client group. Investment income earned on our invested internal cash reserve was approximately 3% of revenue in 2000 (compared with 2% in 1999) and, since it is not significant, has been allocated to the client group revenues for presentation purposes.

The measurement criteria used to evaluate the competitiveness of our product and thus the solidity of our revenue stream is primarily investment performance. Comparisons of performance are made against common indices, client expectations (absolute benchmarks) and professional competitors (relative performance). Sceptre's investment performance improved over the course of 2000 and into the early part of 2001. However, this is not immediately reflected in our longer-term returns (generally agreed to be four years), which is the record used most often by existing and potential new clients to judge performance.

The Company's AUM declined during 2000, as a result of lost business and other external factors, including the general trend in the industry toward specialty management. The effect of this trend was magnified by our investment returns, which in 1999 underperformed relative to key benchmarks. Our investment performance improved in 2000 in most major categories, which helped to stabilize asset outflows. In addition, the alliance we formed in September last year with Putnam Investments has been very successful in attracting foreign specialty assets and in halting the potential loss of existing assets.

Client and/or asset losses occurred across all client groups. The following table shows revenue and AUM by client group for the past two years. The change is significant and this poses challenges to both short-term operational needs and longer-term strategic measures. Results have been modified to reflect the consolidation of the Personal Asset Management and Mutual Fund groups into an integrated Wealth Management group.

Revenue for the years ended November 30

(thousands of dollars)	2000		1999		% Change
Pension and other Institutional Funds	**$ 31,796**	**63.8%**	$ 34,860	61.6%	-8.8%
Wealth Management	**13,684**	**27.5%**	16,560	29.2%	-17.4%
Alliances	**4,339**	**8.7%**	5,214	9.2%	-16.8%
Total Revenue	**$ 49,819**	**100.0%**	$ 56,634	100.0%	-12.0%

Assets Under Management at December 31

(thousands of dollars)	2000		1999		% Change
Pension and other Institutional Funds	**$ 10,794**	**78.5%**	$ 14,688	81.3%	-26.5%
Wealth Management	**1,239**	**9.0%**	1,711	9.5%	-27.6%
Alliances	**1,717**	**12.5%**	1,660	9.2%	3.4%
Total Assets	**$ 13,750**	**100.0%**	$ 18,059	100.0%	-23.9%

The effectiveness and convenience of additional services is another distinguishing factor in attracting and retaining clients, particularly with client groups that have a longer-term horizon or a more embedded investment structure. In fiscal 2000, the Company allocated resources to upgrade the facilities available to its client service representatives and the supporting infrastructure. This project is continuing into 2001.

PRODUCT/INVESTMENT PERFORMANCE

Composite of Funds

Annual Rates of Return for Year Ending December 31, 2000

Sceptre Returns		Industry Returns	
Total Fund	**9.6%**	Benchmark	8.2%
Canadian Equity	**20.3%**	TSE 300	7.4%
Foreign Equity	**-7.9%**	MSCI World	-9.6%
Bonds	**10.2%**	SCM Universe	10.2%

During 2000 our investment results were equal to or exceeded their relevant benchmarks in all categories. These investment returns represent significant improvement over the 1999 results. Longer term total fund performance (4 years) remains below its benchmark but the 2000 results have substantially reduced our underperformance from previous years.

RESULTS OF OPERATIONS

Revenue

Revenue for fiscal 2000 was $49.8 million, compared with $56.6 million in 1999, a decrease of 12%. This change is due principally to the decline in AUM in 1999 and 2000. Because there is a significant lag effect between the loss of assets and the actual loss in revenue, the full impact of the loss of assets reported in 1999 was felt in fiscal 2000. The Company expects the lag effect of lost assets to carry over into 2001.

The decline in revenue and AUM in 2000 was a combination of:

- Market value declines at billing points. The majority of our fees are billed on calendar quarter end dates and are subject to end-of-period fluctuations in the markets;
- Lost clients, including some large clients. The larger institutions have been the first to embrace the move away from hiring balanced asset managers to hiring specialty managers in each asset class; and
- Some larger clients rebalancing assets among managers.

The Putnam alliance has been very successful in attracting foreign specialty assets and in halting the potential loss of some existing assets. The time span of client decision-making is such that successful new business presentations only resulted in the receipt of assets late in 2000, past the September cut-off point of revenue recognition for fiscal 2000. Institutional revenue for 2001 will begin to reflect the new mandates secured late in 2000.

Expenses

In fiscal 2000, our overall expenses were $27.9 million, compared with $29.2 million in 1999. Expenses as a percentage of revenue increased in 2000, reflecting expenses incurred to maintain client service levels, establish the Putnam alliance and enhance systems capabilities.

The Company's largest expense is attracting and retaining talented investment and management professionals and providing them with an excellent support staff. A significant portion of individual compensation and the majority of total compensation cost is incentive-based and is only paid if earned by the Company. Total remuneration cost fell by 13% in 2000, reflecting reduced revenues. Remuneration cost is also a factor of the number of employees. Primarily through attrition, the level of employees has been reduced to 90 from 100 a year ago. We have a commitment to our clients to maintain top-level professionals and to offer superior client service. Appropriate staff levels will be maintained to meet this commitment and resources will be allocated to those areas showing the fastest growth or the most potential for growth.

Maintaining excellence in the investment management business requires access to state of the art technology. In 2000, we made significant investments in technology to upgrade client relationship management and connectivity with third parties integral to the business. Costs were incurred to provide advanced tools that allow for additional functionality. The focus in 2000 was primarily on the Wealth Management group but plans are in place to extend the support to the other client groups during 2001. We are committed to continuing to upgrade our overall technological capabilities.

Leases on both the Toronto and the Vancouver offices were extended during the year (Toronto to 2007, Vancouver to 2002). The Toronto lease was renegotiated favourably in a market that subsequently tightened. Approximately 5,000 square feet of additional space was leased in Toronto in order to secure an entire floor and accommodate planned growth. The extra space will be sublet for approximately three years. The cost for the Company's Vancouver office was maintained at the same level reflecting both the tight market and the growth space within the existing property. All discretionary expenses continue to be tightly controlled.

The alliance formed with Putnam resulted in two major costs, one ongoing and the other a one-time fee. The alliance included appointing Putnam as sub-advisor for approximately 50% of the global assets managed by Sceptre. The majority of the sub-advisory fees follow the quarterly billing cycle of our institutional clients. No quarterly sub-advisory fees were reflected in fiscal 2000. The Company cannot provide a firm estimate of the effect on earnings of the sub-advisory fee because the asset levels will fluctuate with market changes, cash flows and asset mix decisions. As a general guide, the Company expects this fee to be approximately 10 cents per share.

Expenses for fiscal 2000 also include a one-time fee paid to an investment banking firm and legal and other expert costs incurred in connection with the strategic alliance with Putnam. These fees, which approximated 6 cents per share, were fully expensed in fiscal 2000.

Earnings

Net earnings for 2000 were $12.4 million, a decrease of 18% over 1999. This reflects the declines in AUM and revenue, as discussed above.

Sceptre's long-term earnings record remains strong. Over the past 10 years the Company's earnings have grown on average by 11% annually. Sceptre's five-year average earnings ratio (earnings as a % of revenue) is 26.9%; its 10-year average is 27.8%.

Fully diluted earnings per share declined 18% to $0.91, compared with $1.11 reported in 1999.

FINANCIAL POSITION

Sceptre continues to maintain a strong balance sheet with cash and liquid reserves of $20 million at the end of fiscal 2000.

During 2000, we paid $14.1 million in dividends to our Common and Class A Non-Voting shareholders. The decision to pay dividends in excess of earnings for 2000 reflected cash needs, the previously accumulated cash reserve and the one-time nature of certain of the expenses during the fourth quarter.

RISK FACTORS

In the investment management business, the biggest risk is long-term relative underperformance. We know that investment managers can make intelligent and informed decisions and still be wrong. Every investment management company must expect and plan for periods of relative underperformance. These periods are an opportunity to re-examine operating and investment procedures and refine and improve them. This is especially important in today's environment. Several management responses follow:

- We need to design and structure portfolios for the long term, with a global perspective, and limit the risk exposure to any one particular investment judgment. The cumulative effect of incremental performance in each part of the portfolio should result in overall outperformance over the long term, with less risk.
- We must continue to concentrate our energies on attracting dedicated investment professionals who, on balance, make good investment judgments. We must also maintain a creative environment which is conducive to good investment decision making.
- We must ensure that everything we can control remains of the highest standard, including:
  - continuity and quality of personnel in all areas;
  - careful administration and regulatory compliance;
  - coherent and consistent communication of investment decisions and results to clients.

Sceptre's culture is to clearly and continuously analyze our results. Where we underperform, we act, as we are now doing to position ourselves to outperform in the long term for our clients. We believe that the actions we have taken will put us at the forefront of companies able to design globally integrated portfolios from a Canadian perspective, which we think will become the major thrust of the Canadian investment management industry in the years ahead.

OUTLOOK

We expect that 2001 revenue will continue to reflect the lagged effect of lost business in 2000, particularly for the first half of the year. Revenue from new foreign specialty business will not be recognized in time to offset a full year of sub-advisory fees paid to Putnam for the management of our foreign pooled funds.

Improved performance numbers and the strategic alliance with Putnam have helped to stabilize overall asset flows, and we expect AUM to remain relatively flat on a year-over-year basis.

For 2001, expenses will increase to reflect a full year of the sub-advisory fees payable to Putnam, as well as continued expenditures to upgrade technology and to enhance services available for Wealth Management clients. The upgrade will be extended to other client groups in the latter part of the year.

The dividend policy will be reviewed in the face of earnings that are likely to be lower than the current dividend level. We will take into account market conditions, strategic initiatives and available cash resources before making a decision.

We encourage all shareholders to review our quarterly reports for further guidance as fiscal 2001 unfolds.

Management's Report to Shareholders

Management of Sceptre Investment Counsel Limited is responsible for the integrity and objectivity of the financial statements and all other information contained in the Annual Report. The financial statements have been prepared in accordance with generally accepted accounting principles and are based on management's best information and judgment.

In fulfilling its responsibilities, management has developed internal control systems and procedures designed to provide reasonable assurance that the Company's assets are safeguarded, that transactions are executed in accordance with appropriate authorization, and that accounting records may be relied upon to properly reflect the Corporation's business transactions.

The Audit Committee of the Board of Directors is composed of independent directors who meet periodically and independently with management and the auditors to discuss the Corporation's financial reporting and internal control. The Audit Committee reviews the results of the audit by the auditors and their audit report prior to submitting the financial statements to the Board of Directors for approval. The external auditors have unrestricted access to the Audit Committee.

Management recognizes its responsibility to conduct the Company's affairs in the best interests of its shareholders.

William J. Malouin
President and Chief Executive Officer

Richard L. Knowles
Chief Operating Officer

February 28, 2001

Auditors' Report

TO THE SHAREHOLDERS OF SCEPTRE INVESTMENT COUNSEL LIMITED

We have audited the balance sheets of Sceptre Investment Counsel Limited as at November 30, 2000 and 1999 and the statements of earnings, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2000 and 1999 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

Toronto, Ontario
December 15, 2000

Balance Sheets

As at November 30, 2000 and 1999	2000	1999
ASSETS		
Current assets		
Cash and cash equivalents	$ 99,000	$ 6,492,000
Short-term investments	5,008,000	–
Accounts receivable	1,630,000	1,757,000
Income taxes recoverable	5,477,000	2,815,000
	12,214,000	11,064,000
Long-term investments *(note 2)*	18,921,000	22,384,000
Due from related party *(note 4)*	–	120,000
Capital assets *(note 3)*	1,048,000	1,278,000
Goodwill	63,000	63,000
	$ 32,246,000	$ 34,909,000
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 2,875,000	$ 3,353,000
Bonuses due to employees	2,731,000	3,443,000
	5,606,000	6,796,000
SHAREHOLDERS' EQUITY		
Capital stock *(note 5)*	13,548,000	13,296,000
Contributed surplus *(note 5)*	47,000	49,000
Retained earnings	13,045,000	14,768,000
	26,640,000	28,113,000
	$ 32,246,000	$ 34,909,000

Approved by the Board of Directors

William J. Malouin, Director

Betty B. Horton

Betty B. Horton, Director

Statements of Earnings

For the years ended November 30, 2000 and 1999	2000	1999
Revenue	$ 49,819,000	$ 56,634,000
Expenses	27,869,000	29,227,000
Earnings before income taxes	21,950,000	27,407,000
Provision for income taxes		
Current	9,570,000	12,224,000
Net earnings for the year	$ 12,380,000	$ 15,183,000
Earnings per share *(note 6)*		
Basic	$ 0.91	$ 1.13
Fully diluted	$ 0.91	$ 1.11

Statements of Retained Earnings

For the years ended November 30, 2000 and 1999	2000	1999
Retained earnings – Beginning of year	$ 14,768,000	$ 13,588,000
Net earnings for the year	12,380,000	15,183,000
	27,148,000	28,771,000
Dividends		
Common shares	13,000	12,000
Class A Non-Voting shares	14,090,000	13,991,000
	14,103,000	14,003,000
Retained earnings – End of year	$ 13,045,000	$ 14,768,000

Statements of Cash Flows

For the years ended November 30, 2000 and 1999	2000	1999
Cash flows provided by (used in)		
Operating activities		
Net earnings for the year	$ 12,380,000	$ 15,183,000
Items not affecting cash resources		
Loss on disposal of investments	58,000	78,000
Depreciation and amortization	288,000	315,000
Net increase (decrease) in non-cash operating working capital items	(3,725,000)	1,661,000
	9,001,000	17,237,000
Financing activities		
Net proceeds on issue of capital stock	250,000	2,066,000
Payments of dividends	(14,103,000)	(14,003,000)
	(13,853,000)	(11,937,000)
Investing activities		
Purchase of short-term investments	(5,008,000)	–
Sale (purchase) of long-term investments	3,405,000	(2,743,000)
Repayment of due from related party	120,000	170,000
Purchase of capital assets	(58,000)	(189,000)
	(1,541,000)	(2,762,000)
Net change in cash and cash equivalents	(6,393,000)	2,538,000
Cash and cash equivalents – Beginning of year	6,492,000	3,954,000
Cash and cash equivalents – End of year	$ 99,000	$ 6,492,000
Supplemental information		
Income and capital taxes paid during the year	$ 12,306,000	$ 13,750,000

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition

The financial statements reflect 12 months of revenue determined as follows:

- The majority of management fees are accounted for on the basis of quarterly billings with the final quarterly billing for the fiscal year being recorded for the quarter ended September 30.
- The management fees for mutual funds and pooled personal investment funds managed by the Company are billed and accounted for monthly with the final monthly revenue recorded for the month ended October 31.

Cash and cash equivalents

Cash and cash equivalents comprise bank balances and treasury bills, designated for operating purposes.

Investments

Investments in treasury bills and debt securities are carried at amortized cost providing for the amortization of the discount or premium on a straight-line basis to maturity. Investments in equities which comprise preferred shares and mutual fund units are carried at cost.

Depreciation and amortization

Depreciation of furniture, fixtures and equipment is calculated using the declining balance method at an annual rate of 20%. In the year of acquisition, one-half year's depreciation is taken. Leasehold improvements are amortized on a straight-line basis over the term of the related lease.

Goodwill

Goodwill, recorded at cost, represents the excess cost over net book value of assets acquired prior to April 1, 1974. Amortization of goodwill to income is not made and will not occur unless the value of goodwill becomes impaired.

Income taxes

The Company has adopted the new CICA Handbook Section 3465, Income Taxes, for the current year. The recommendations adopt the liability method of measuring income taxes based on temporary differences between the financial reporting and tax bases of assets and liabilities. Future income tax expense represents the change during the period in the future income tax assets and future income tax liabilities. These new standards also require that the future income tax assets and liabilities be measured using enacted tax rates and laws that are expected to apply when the tax liabilities or assets are to be either settled or realized. The adoption of the policy had no impact on the tax balances presented.

Stock-based compensation plan

The Company has a stock-based compensation plan, which is described in note 5. No compensation expense is recognized for this plan when stock or stock options are issued to employees. Any consideration paid by employees on exercise of stock options or purchase of stock is credited to share capital.

2 LONG-TERM INVESTMENTS

	2000		1999	
	Book value	Estimated fair value	Book value	Estimated fair value
Treasury bills	$ –	$ –	$ 5,904,000	$ 5,904,000
Debt securities	12,568,000	12,572,000	10,101,000	10,012,000
Equities	6,353,000	6,096,000	6,379,000	6,143,000
	$ 18,921,000	$ 18,668,000	$ 22,384,000	$ 22,059,000

Estimated fair values are based on quoted market values.

Liquidity and interest rate risk

Equities which comprise preferred shares and mutual fund units have no specific maturities. All debt securities mature within five years. Investment income for 2000 is $1,454,000 (1999 – $1,153,000) and is included in revenue in the statements of earnings. There were no writedowns or provisions recorded in respect of investments in 2000 or 1999.

3 CAPITAL ASSETS

Capital assets are recorded at cost with any expenditure for repairs and maintenance charged to expenses as incurred. Capital assets are classified as follows:

	2000			1999		
	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
Furniture, fixtures and equipment	$ 2,865,000	$ 1,917,000	$ 948,000	$ 2,809,000	$ 1,686,000	$ 1,123,000
Leasehold improvements	272,000	172,000	100,000	270,000	115,000	155,000
	$ 3,137,000	$ 2,089,000	$ 1,048,000	$ 3,079,000	$ 1,801,000	$ 1,278,000

4 DUE FROM RELATED PARTY

In June 1997, the Company made a $750,000 loan in connection with the relocation of a managing director. The loan bore interest at 3% per annum, payable semi-annually. In 2000, the managing director repaid the balance of the loan in full.

5 CAPITAL STOCK

Authorized and issued share capital

Authorized

22,770 Common shares

Unlimited Class A Non-Voting shares

Issued and outstanding

	2000	1999
11,460 (1999 – 12,270) Common shares	$ 10,000	$ 9,000
13,556,930 (1999 – 13,538,930) Class A Non-Voting shares	13,538,000	13,287,000
	$ 13,548,000	$ 13,296,000

During the year, the Company acquired 2,310 (1999 – 1,500) of its Common shares at a total cost of $4,189. The excess cost of purchase over the assigned value, being $2,000, was allocated to contributed surplus. The Company subsequently reissued 1,500 Common shares (1999 – 1,500 Common shares) for total cash consideration of $2,715 (1999 – $2,400).

Stock-based compensation plan

The Company has a stock-based compensation plan. Under the plan, the Company may grant options to its employees for up to 1,956,102 shares of Class A Non-Voting shares. Under the plan, the exercise price of each option equals the market price of the Company's stock on the day preceding the date of grant and an option's maximum term is five years. Options vest at a rate of 20% per year commencing one year after the grant date.

A summary of the status of the Company's stock option plan at November 30, 2000 and 1999 and the changes during the years ended on those dates is presented below:

	2000		1999	
Fixed stock options	Shares (000)	Weighted average exercise price	Shares (000)	Weighted average exercise price
Outstanding – Beginning of year	567,300	$ 27.41	660,700	$ 24.25
Granted	138,000	16.62	85,000	27.40
Exercised	(18,000)	13.98	(148,400)	13.92
Expired	(87,000)	25.50	(30,000)	24.46
Outstanding – End of year	600,300	25.61	567,300	27.41
Options exercisable at year-end	315,300	$ 26.50	260,000	$ 25.71

The following table summarizes information about fixed stock options outstanding at November 30, 2000:

	Options outstanding			Options exercisable	
Range of exercise price	Number outstanding at November 30, 2000	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable at November 30, 2000	Weighted average exercise price
$ 16 – 27	372,300	2.85 years	$ 19.78	184,900	$ 20.58
28 – 43	228,000	2.57 years	35.12	130,400	34.90

Rights of classes of issued shares

The Class A Non-Voting shares and the Common shares have equal dividend rights. Both classes of shares rank equally in the event of liquidation, dissolution or winding up of the Company.

If the beneficial ownership, control or direction of more than 20% of the outstanding Common shares is exercised by any person or persons who have not been full-time employees of the Company for at least one year, the Class A Non-Voting shares will become entitled to one vote per share at all meetings of shareholders of the Company unless the prior approval of the holders of the Class A Non-Voting shares has been obtained for the change in the beneficial ownership, control or direction.

6 EARNINGS PER SHARE

This calculation is based on the weighted average number of shares outstanding during the year.

Fully diluted earnings per share are calculated on the assumption that all stock options outstanding during the year had been exercised when granted. The rate of return used for imputing earnings on the funds derived from the exercise of stock options was 5.4% (1999 – 4.7%), before applicable income taxes. The amount of income imputed, after income taxes, was $467,000 (1999 – $417,000).

7 FINANCIAL INSTRUMENTS

The carrying values of cash and cash equivalents, short-term investments, accounts receivable and long-term investments approximate fair values.

8 LEASE COMMITMENT

The Company is committed under two operating leases for premises as follows:

2001	$ 668,000
2002	668,000
2003	633,000
2004	633,000
2005 and thereafter	1,846,000
	$ 4,448,000

ELEVEN-YEAR FINANCIAL REVIEW *(in thousands of dollars except per share data)*

Summary Statement of Earnings

For years ended November 30	**2000**	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Revenue	**49,819**	56,634	57,245	47,015	36,067	31,663	27,383	21,315	19,642	17,376	15,653
Expenses	**27,869**	29,227	29,332	23,765	17,584	15,519	13,219	10,357	9,408	8,101	7,312
Earnings before income taxes	**21,950**	27,407	27,913	23,250	18,483	16,144	14,164	10,958	10,234	9,275	8,341
Provision for income taxes	**9,570**	12,224	12,452	10,353	8,217	7,239	6,352	4,949	4,560	4,125	3,695
Net earnings for the year	**12,380**	15,183	15,461	12,897	10,266	8,905	7,812	6,009	5,674	5,150	4,646
Fully diluted earnings per share	**0.91**	1.11	1.13	0.95	0.77	0.68	0.61	0.47	0.46	0.42	0.38
Dividends declared	**1.04**	1.04	1.01	0.85	0.69	0.61	0.55	0.43	0.41	0.39	0.38

Assets under management *(in millions of dollars)*

As at December 31

December 31	**13,750**	18,059	19,294	17,168	13,928	11,619	10,648	9,554	7,660	7,393	5,976

Percentage changes

	Average												
	5 yrs	10 yrs	**2000**	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Revenue	10.6	13.0	**-12.0**	-1.1	21.8	30.3	13.9	15.6	28.5	8.5	13.0	11.0	10.6
Net earnings for the year	8.1	11.1	**-18.5**	-1.8	19.9	25.6	15.3	14.0	30.0	5.9	10.2	10.8	10.0
Fully diluted earnings per share	7.1	9.9	**-18.0**	-1.8	18.9	23.4	13.2	11.5	29.8	2.2	9.5	10.5	8.6

Earnings as a percentage of revenue

	Average												
	5 yrs	10 yrs	**2000**	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Earnings ratio	26.9	27.8	**24.8**	26.8	27.0	27.4	28.5	28.1	28.5	28.2	28.9	29.6	29.7

Quarterly results

	Fully Diluted Earnings Per Share		Dividends Declared	
	2000	1999	**2000**	1999
First	**$ 0.27**	$ 0.29	**$ 0.26**	$ 0.26
Second	**0.25**	0.27	**0.26**	0.26
Third	**0.23**	0.27	**0.26**	0.26
Fourth	**0.16**	0.28	**0.26**	0.26
Annual	**$ 0.91**	$ 1.11	**$ 1.04**	$ 1.04

Senior Officers

	Years in Investments	Years at Sceptre	Age	Position
John J. Brophy, BSC, FCIA, CFA	15	2	51	Vice-President
Patricia A. Croft, BA	20	4	42	Vice-President
Mary I. d'Eon, BCOMM, CFA	19	2	41	Vice-President
Stephen H. Douglas, BCOMM, CFA	14	6	38	Managing Director
J. Douglas Grant, BA, FCA, CFA	36	36	63	Chairman
Betty B. Horton, BED, MBA, CA	13	13	50	Vice-President Finance and Secretary-Treasurer
Glenn R. Inamoto, MBA, CFA	15	1	42	Vice-President
Allan Jacobs, BCOMM, CA (South Africa)	17	8	41	Managing Director
Helen M. Kain, CFA	20	7	39	Managing Director
Richard L. Knowles, HBA, LL.D., CFA	27	1	50	Chief Operating Officer
Robert R. Lorimer, BSC	13	4	47	Vice-President
Andrew B. MacDonald, AB	17	10	41	Vice-President
William J. Malouin, BA, CFA	31	10	55	President and Chief Executive Officer
John Moore, BCOMM	42	14	63	Managing Director
Michael R. Murphy, MSC, MPHIL, CFA	28	17	51	Managing Director
David B. Pennycook, BCOMM	21	9	46	Managing Director
Mario D. Richard, BMATHS, CFA	19	3	45	Vice-President
Douglas R. Simmons, MBA	32	14	55	Vice-President
Lyle A. Stein, MA, CFA	19	9	43	Managing Director
F. John Stittle, BA, CFA	30	12	55	Managing Director
James A. Sutherland	16	2	44	Vice-President
Rocco Taglioni, BA	13	5	43	Managing Director
Average of 22 people	22	9	48	

Corporate Information

BOARD OF DIRECTORS

Independent Directors

Peter R. Barnard, PHD, PENG*[1,2,3,4]
Chairman and Chief Executive Officer, Iter Canada

Anne Golden, PHD*[1,4]
President, United Way of Greater Toronto
Incoming President, Conference Board of Canada

Arthur R.A. Scace, QC*[1,2,3,4]
Partner, McCarthy Tetrault
Corporate Director

Steven Spiegel, BA Investments*[4]
Director and Senior Managing Director, Putnam Investments, LLC

W. Ross Walker, BCOMM, FCA*[1,2,3,4]
Former Chairman and CEO, KPMG Canada, and former International Executive Partner, KPMG
Corporate Director

Managing Directors

Stephen H. Douglas
J. Douglas Grant*[3,4]
Betty B. Horton*[4]
Helen M. Kain*[4]
Allan Jacobs
Richard L. Knowles*[3,4]
William J. Malouin*[3,4]
John Moore
Michael R. Murphy
David B. Pennycook*[4]
Lyle A. Stein
F. John Stittle
Rocco Taglioni*[4]

Proposed Managing Directors

Patricia A. Croft
Andrew B. MacDonald
Mario D. Richard

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AUDITORS

PricewaterhouseCoopers LLP

LEGAL COUNSEL

Cassels Brock & Blackwell LLP

TRANSFER AGENT & REGISTRAR

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100 University Avenue
Toronto, Ontario
Canada M5J 2Y1
Tel: (416) 263-9487

STOCK EXCHANGE LISTING

Class A Non-Voting Shares (SZ.A)
The Toronto Stock Exchange

ANNUAL MEETING

Royal York Hotel
100 Front Street West
18th Floor, Upper Canada Room
Toronto, Ontario
Canada M5J 1E3
Wednesday, May 16, 2001
3:00 p.m.

** Nominated for Corporate Board of Directors*
[1] Member of the Governance Committee
[2] Member of the Audit Committee
[3] Member of the Compensation Committee
[4] Member of the Nominating Committee

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